

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
Northwestern State University
University of Louisiana System
State of Louisiana
Natchitoches, Louisiana

January 22, 2003



Financial and Compliance Audit Division

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**ATHLETIC DEPARTMENT
NORTHWESTERN STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Natchitoches, Louisiana

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 2002

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

January 22, 2003

**ATHLETIC DEPARTMENT
NORTHWESTERN STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 2002

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January 8, 2003

Independent Auditor's Report on
Applying Agreed-Upon Procedures

DR. RANDALL J. WEBB, PRESIDENT
NORTHWESTERN STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Natchitoches, Louisiana

We have audited the basic financial statements of the University of Louisiana System, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002. Northwestern State University is a part of the University of Louisiana System. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied to the accounting records and internal controls of the Northwestern State University Athletic Department and to the related outside organizations created for or in behalf of the university's intercollegiate athletic programs for the year ended June 30, 2002, solely to assist the university in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of Northwestern State University. Consequently, we make no representation regarding the sufficiency of the procedures that follow either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

STATEMENT OF REVENUES
AND EXPENDITURES

1. We obtained written representation from management as to the fair presentation of the Statement of Revenues and Expenditures of the intercollegiate athletic programs for the year ended June 30, 2002, as shown on Statement A. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

LEGISLATIVE AUDITOR

**DR. RANDALL J. WEBB, PRESIDENT
NORTHWESTERN STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

2. We compared the Statement of Revenues and Expenditures of the intercollegiate athletic programs for June 30, 2002, and June 30, 2001, to identify variances of 20% or greater between individual revenue and expenditures accounts that are 5% or more of the total.

As a result of our procedure, we identified variances of 20% or greater in the following revenue and expenditures accounts, for which the university provided satisfactory responses:

<u>Revenues</u>	<u>Expenses</u>
Guarantees	Fund raisers
Outside funds	
Payments-in-kind	

3. We compared the budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 2002, to identify any variances of 20% or greater in individual revenue and expenditures accounts that are 5% or more of the total. No variances met the criteria.
4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions. No individual contributions met the criteria.

INTERNAL CONTROL - POLICIES AND PROCEDURES RELATING TO INTERCOLLEGIATE ATHLETICS - AGREED-UPON PROCEDURES

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's intercollegiate athletic department and to detect deficiencies in the components of those controls.

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletic department.

6. We performed tests of controls unique to the university's intercollegiate athletic department to determine adherence to established policies and procedures related to revenues and expenditures:
 - a. We selected two gate receipts and two game guarantee receipts and followed the transactions through the university's cash control system.

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UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

The Ticket Sales Reconciliation (Event Report) did not reconcile to the Athletic Department Deposit Record for the total gate sales for two of the games examined. There was a shortage of \$1,020 for the Nicholls State game and a shortage of \$983 for the Stephen F. Austin game. These two games had total ticket sales of \$18,984 and \$15,438, respectively. Except for the reconciliation of these two game receipts, we found no other exceptions as a result of this procedure.

- b. We selected a sample of nine athletic department cash disbursement transactions and followed them through the university's accounting system.

We found no exceptions as a result of this procedure.

- c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.

- d. We compared the amount of state General Fund appropriation transferred to the Auxiliary Fund (Athletics) to determine compliance with the amount allowed by the Board of Regents.

The total amount of General Fund appropriation authorized by the Board of Regents was transferred to the Auxiliary Fund. However, as noted on Statement A, the university expended an additional \$265,282 for athletic expenditures and charged these expenditures to its General Fund.

- 7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletic programs. No athletic related reports were issued during the audit year.
- 8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletic program to identify deficiencies in the design of those procedures.

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletic program. The accounts of the Northwestern Athletic Association are maintained by the Northwestern State

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University Foundation, Incorporated. The athletic director and the university's comptroller receive audited annual financial statements from the foundation as a basis to monitor spending of the booster group for athletics.

EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE FOR OR IN BEHALF OF THE NORTHWESTERN STATE UNIVERSITY INTERCOLLEGIATE ATHLETIC PROGRAM

9. We obtained written representation from management of the university that the Northwestern Athletic Association, a part of the Northwestern State University Foundation, Incorporated, was the only outside organization created for or in behalf of the athletic department.
10. We obtained the independent auditor's report for the Northwestern State University Foundation, Incorporated, to identify any reportable conditions relating to the foundation's internal control and make inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the Northwestern State University Foundation, Incorporated, were audited by an independent certified public accounting firm for the year ended June 30, 2002. The audit report is dated September 20, 2002, and included no reportable conditions relating to the outside organization's internal control.

11. We obtained the Statement of Cash Receipts and Disbursements from representatives of the Northwestern Athletic Association and agreed the statement to the organization's accounting records. We also compared the cash disbursements made by the athletic association for or in behalf of the athletic department to the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and no reconciling items were identified.

We found no exceptions as a result of this comparison.

12. We compared the direct and in-kind payments from the Northwestern Athletic Association to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and no reconciling items were identified.

We found no exceptions as a result of this comparison.

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**DR. RANDALL J. WEBB, PRESIDENT
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Auditor's Report, June 30, 2002

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of the intercollegiate athletic programs. Accordingly, we do not express such an opinion. Also, we express no opinion on the Northwestern State University's internal control over financial reporting or any part thereof. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of Northwestern State University and is not intended to be, and should not be, used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large loop at the end.

Grover C. Austin, CPA
First Assistant Legislative Auditor

RKB:WJR:RCL:ss

[NWSUNCAA02]

UNAUDITED

Statement A

**ATHLETIC DEPARTMENT
NORTHWESTERN STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenditures
For the Year Ended June 30, 2002**

	<u>(PORTION OF) CURRENT FUNDS</u>		
	<u>UNRESTRICTED - GENERAL FUND</u>	<u>RESTRICTED - AUXILIARY ENTERPRISE FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Season tickets		\$115,141	\$115,141
Gate receipts		73,244	73,244
State General Fund		2,209,306	2,209,306
Guarantees		695,000	695,000
Outside funds		719,645	719,645
Payments-in-kind		265,379	265,379
Conference distribution		198,398	198,398
Sports camp fees		66,655	66,655
Other		21,384	21,384
Total revenues	<u>NONE</u>	<u>4,364,152</u>	<u>4,364,152</u>
EXPENDITURES			
Personal services:			
Coaches' salaries		627,096	627,096
Other salaries	220,232	334,483	554,715
Related benefits	45,050	180,750	225,800
Loan cars		116,677	116,677
Travel		345,196	345,196
Operating services		457,450	457,450
Supplies		345,845	345,845
Fund raisers		218,956	218,956
Professional services		272,863	272,863
Other charges:			
Awards		3,379	3,379
Scholarships		883,712	883,712
Guarantees		27,800	27,800
Cultivation		27,584	27,584
Demon Sports Network		25,828	25,828
Entertainment and promotions		68,501	68,501
Other		195,955	195,955
Equipment		152,513	152,513
Capital projects		1,000	1,000
Total expenditures	<u>265,282</u>	<u>4,285,588</u>	<u>4,550,870</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(\$265,282)</u>	<u>\$78,564</u>	<u>(\$186,718)</u>